

Message Text

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SUBJECT: ASSISTANCE TO U.S. BUSINESS ABROAD

REF: STATE 14670

1. I PLAN TO READ THE PRESIDENT'S LETTER ON THE IMPORTANT
ROLE OF EXPORT PROMOTION BY U.S. DIPLOMATIC MISSIONS AT
MY NEXT MONTHLY MEETING WITH AMERICAN BUSINESSMEN. MEANWHILE
IT MAY BE USEFUL TO PROVIDE THE DEPARTMENT WITH A REVIEW
OF WHAT THIS EMBASSY HAS DONE AND IS DOING IN MALAYSIA.

2. OUR TRADE PROMOTION EFFORT HAS GREATLY EXPANDED IN THE
LAST FEW YEARS. WE HAVE ACTIVELY ASSISTED THE AMERICAN
BUSINESS COMMUNITY IN MALAYSIA TO FORM A CHAMBER WHICH,
AMONG ITS OTHER FUNCTIONS, SHOULD SEFVE TO ASSIST AMERICAN
EXPORTERS IN SALES IN MALAYSIA, I HOLD MONTHLY MEETINGS
WITH THE REPRESENTATIVES OF U.S. FIRMS IN MALAYSIA TO
EXCHANGE VIEWS ON PROBLEMS OF MUTUAL INTEREST. ON A MORE
INFORMAL BASIS, SEVERAL MEMBERS OF MY SENIOR STAFF AND I
HAVE MET WITH LEADERS OF THE AMERICAN BUSINESS
COMMUNITY FOR FRANK DISCUSSION OF THEIR PROBLEMS
AND PROSPECTS.

3. WORKING WITH THE DEPARTMENT OF COMMERCE'S
INTERNATIONAL MARKETING CENTER IN SINGAPORE, WE
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EXPECT TO HAVE A MAJOR TRADE PROMOTION EFFORT THIS
YEAR. THE HIGHLIGHT WILL BE A TRADE EXHIBITION ON
LABORATORY INSTRUMENTS IN LATE MAY. THIS EXHIBITION
IS IMPORTANT NOT ONLY BECAUSE OF THE MARKET WE
BELIEVE EXISTS FOR THESE GOODS BUT BECAUSE IT WILL
BE THE FIRST EXHIBITION MOUNTED IN SOUTHEAST ASIA
REQUIRING NO PERSONNEL SUPPORT FROM WASHINGTON.

4. THAT AMERICAN EXPORTERS ARE DOING VERY WELL IN THE MALAYSIAN MARKET IN AMPLY ILLUSTRATED BY THE SALES FIGURES THEMSELVES. ACCORDING TO GOM ESTIMATES, U.S. EXPORTS TO MALAYSIA IN 1977 AMOUNTED TO \$619 MILLION, AN INCREASE OF 24 PERCENT OVER THE PREVIOUS YEAR. THE ESTIMATES FOR 1978 ARE EQUALLY PROMISING, WITH AN INCREASE FORECAST BY THE MALAYSIAN GOVERNMENT OF 28 PERCENT TO ABOUT \$790 MILLION. IF THIS LEVEL OF EXPORTS IS REALIZED, IT WILL NOT ONLY MEAN THAT THE U.S. WILL REMAIN MALAYSIA'S SECOND MAJOR SUPPLIER (AFTER JAPAN) BUT THAT WE WILL HAVE INCREASED OUR MARKET SHARE FROM 12.3 TO 14 PERCENT WITHIN ONE YEAR. THESE FIGURES TAKE ON ADDED SIGNIFICANCE WHEN ONE REALIZES THAT THE U.S. IS LOCATED THE FURTHEST FROM MALAYSIA OF ANY OF HER MAJOR TRADING PARTNERS AND THAT THERE ARE NO HISTORICAL ECONOMIC OR POLITICAL TIES BETWEEN THE TWO COUNTRIES.

5. BASED ON AN EMBASSY SURVEY, THE BEST MARKETS FOR AMERICAN GOODS ARE IN THE FOLLOWING AREAS: AGRICULTURAL PRODUCTS (MOSTLY FEED GRAINS, WE ESTIMATE THAT SALES OF THESE PRODUCTS WILL AMOUNT TO ABOUT \$50 MILLION THIS YEAR); LABORATORY INSTRUMENTS (1978 SALES ESTIMATED AT \$45 MILLION);

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BUILDING AND CONSTRUCTION EQUIPMENT (\$48 MILLION); METAL WORKING EQUIPMENT (\$8.6 MILLION) AND POLLUTION CONTROL EQUIPMENT (\$7.8 MILLION). IN ADDITION, THE GOM WILL BE TENDERING FOR A SUBSTANTIAL AMOUNT OF POWER GENERATION EQUIPMENT ON WHICH WE EXPECT U.S. FIRMS TO BID.

6. TO A GREAT EXTENT, THE GOM SHARES OUR VIEWS AS TO THE MUTUAL BENEFITS DERIVED FROM FREE TRADE AND MAINTAINS MINIMAL BARRIERS TO AMERICAN EXPORTS. FOR THESE REASONS, WE INTEND TO CONTINUE OUR EFFORTS AND HOPE THE RESULTS WILL BE REFLECTED IN EVEN HIGHER EXPORT EARNINGS IN THE FUTURE.

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